

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

4 La Michoacana Plus Ice Cream Parlor Corp.,
5 v. Plaintiff
6 Windy City Paletas, Inc., et al., Defendants

Case No. 2:23-cv-00279-CDS-DJA
Order Granting Motion to Transfer,
Denying Defendants' Motion to Dismiss
Without Prejudice, and Closing Case

[ECF Nos. 10, 11]

10 This is an intellectual property (IP) infringement action. Defendants Windy City Paletas,
11 Inc., Ecuamex Paletas, Inc., Sky Limit Enterprise II, Inc., Arthuro Miranda, Kayla Rincon, and
12 Digmey Jaramillo (collectively, "defendants"), move to transfer this case to the United States
13 District Court for the Southern District of California. ECF No. 10.¹ Plaintiff La Michoacana
14 opposes the motion. ECF No. 14. For the reasons herein, I grant defendants' motion to transfer
15 this case to the Southern District of California. Because this case will be transferred, I deny
16 defendants' motion to dismiss (ECF No. 11) without prejudice.

17 I. Background

18 La Michoacana is a vendor of paletas, a frozen dessert made by freezing fresh natural fruit
19 or cream derived from animals or nuts, or a combination of both, into a single serving frozen
20 treat served on a stick. First Am. Compl. (FAC), ECF No. 6 at ¶¶ 1–2. La Michoacana alleges that
21 defendant Jaramillo approached it to license La Michoacana's trademarks and other IP so
22 Jaramillo could open two La Michoacana paleta storefronts. *Id.* at ¶¶ 3–4. Jaramillo agreed in
23 writing with La Michoacana to open two paleta stores (*id.* at ¶ 5), but failed to comply with the
24 agreement by opening six additional stores. *Id.* at ¶¶ 5–6. La Michoacana also alleges that
25 Jaramillo attempted to correct its infringement by "verbally offering to enter into licensing

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¹ Because I grant the motion to transfer, I do not resolve defendants' pending motion to dismiss. ECF No. 11.

1 agreements for the use of [La Michoacana] intellectual property” but both verbal and written
 2 agreements “rang hollow” because Jaramillo refused to sign the licensing agreements. *Id.* at ¶ 6.

3 Jaramillo still operates all eight stores: five are in California and three are in Nevada. *Id.* at
 4 ¶¶ 7–8. And the proposed license royalties for all locations remain unpaid. *Id.* at ¶ 6. La
 5 Michoacana contends that defendants obtained its IP under false pretenses, alleging that
 6 defendants Rincon, Jaramillo and Miranda caused La Michoacana’s IP, which was originally
 7 licensed to defendant Windy City, to be impermissibly distributed to defendants Ecuamex
 8 Paletas, Inc. KJAM, Inc. *See generally id.*

9 La Michoacana brings the following claims against all defendants: (1) infringement of
 10 federally registered trademarks and service marks; (2) false designation of origin, false
 11 description, and unfair competition in violation of the Lanham Act; (3) trademark dilution in
 12 violation of the Lanham Act; (4) infringement of federally pending trademark applications and
 13 service marks; (5) fraud under California law; and the following claims against individual
 14 defendants: (6) unfair competition under Nevada Deceptive Trade Practices Act against Sky
 15 Limit, Digmey, and Miranda; and (7) unfair competition under California Business and
 16 Professions Code against Windy City, KJAM, Ecuamex, Rincon, Miranda, and Jaramillo. *See*
 17 *generally id.*

18 Defendants Windy City Paletas, Inc., Ecuamex Paletas, Inc., Sky Limit Enterprise II, Inc.,
 19 Miranda, Rincon, and Jaramillo filed a motion to transfer this case to the United States District
 20 Court for the Southern District of California, or in the alternative to dismiss for lack of personal
 21 jurisdiction. ECF Nos. 10; 11. La Michoacana opposes both motions. ECF No. 14.

22 **II. Legal Standard**

23 District courts have the discretion to “adjudicate motions for transfer according to an
 24 individualized, case-by-case consideration of convenience and fairness.” *Jones v. GNC Franchising,*
 25 *Inc.*, 211 F.3d 495, 498 (9th Cir. 2000) (citation omitted). Motions to transfer are governed by 28
 26 U.S.C. § 1404(a), which states: “[f]or the convenience of parties and witnesses, in the interest of

1 justice, a district court may transfer any civil action to any other district or division where it
 2 might have been brought.” Under a § 1404(a) motion to transfer, the plaintiff’s choice of forum is
 3 “entitled to ‘paramount consideration’ and the moving party must show that a balancing of
 4 interests weighs heavily in favor of transfer.” *Galli v. Travelhost, Inc.*, 603 F. Supp. 1260, 1262 (D.
 5 Nev. 1985). Hence, “§ 1404(a) provides for transfer to a more convenient forum, not to a forum
 6 likely to prove equally convenient or inconvenient.” *Van Dusen v. Barrack*, 376 U.S. 612, 645–46
 7 (1964). The movant must make a strong showing that transfer is appropriate. *See Decker Coal Co. v.*
 8 *Commonwealth Edison Co.*, 805 F.2nd 834, 843 (9th Cir. 1986); *Galli*, 603 F. Supp. at 1262.

9 In determining whether to grant a motion to transfer, the court conducts a two-part
 10 analysis. *Malcolm v. Acrylic Tank Mfg. Inc.*, 2019 WL 1923633, at *2 (D. Nev. Apr. 30, 2019) (citing 28
 11 U.S.C. § 1404(a)). First, the court must determine if the action could have been brought in the
 12 court to which the transfer is sought, and second, determine whether transfer is in the
 13 convenience of the parties and witnesses, and in the interest of justice. *Id.*

14 **III. Discussion**

15 For the reasons discussed below, I find that defendants satisfied their burden of proving
 16 that this action could have been brought in the Southern District of California and that transfer
 17 is appropriate for the convenience of the parties and witnesses and is in the interest of justice.

18 **A. This action could have been brought in the Southern District of California.**

19 A suit “might have been brought” in a district where the “plaintiff has a right to sue . . .
 20 independently of the wishes of the defendant.” *Hoffman v. Blaski*, 363 U.S. 335, 344 (1960)
 21 (quotation omitted). An action can be commenced in a court that has subject matter
 22 jurisdiction, personal jurisdiction, and proper venue. *Id.*

23 Subject matter jurisdiction exists where either: (1) a federal question arises on the face of
 24 the complaint or (2) if there is diversity jurisdiction. *Caterpillar Inc. v. Williams*, 482 U.S. 386, 392
 25 (1987). Here, the complaint pleads four claims arising under federal law. *See generally* FAC, ECF
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1 No. 6. Thus, the Southern District of California has subject matter jurisdiction over this action.

2 See 28 U.S.C. § 1331.

3 "Personal jurisdiction must exist for each claim asserted against a defendant." *Action*
 4 *Embroidery Corp. v. Atl. Embroidery, Inc.*, 368 F.3d 1174, 1180 (9th Cir. 2004) (citing *Data Disc., Inc. v.*
 5 *Sys. Tech. Assocs., Inc.*, 557 F.2d 1280, 1289 n.8 (9th Cir. 1977)). Personal jurisdiction can be either
 6 "general" or "specific." See *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 415–16
 7 (1984). "Aside from either general or specific jurisdiction, 'consent jurisdiction is an independent
 8 basis for jurisdiction.'" *First Nat'l Bank v. Estate of Carlson*, 448 F. Supp. 3d 1091, 1105 (D. Mont.
 9 2020). The parties agree that all parties, except Sky Limit, reside or are domiciled in California
 10 and are subject to personal jurisdiction in the Southern District of California. ECF No. 10 at 6–7;
 11 ECF No. 14 at 11. Sky Limit's sole shareholder, officer, and director, defendant Miranda, lives in
 12 California and consents to personal jurisdiction in California. See ECF No. 10 at 7; *see also*
 13 Miranda Decl. Defs.' Ex. 2, ECF No. 10-2. Thus, the Southern District of California has personal
 14 jurisdiction over defendants. See 28 U.S.C. § 1331.

15 In cases such as this one, which are based in federal question jurisdiction, venue is proper
 16 in a judicial district where any defendant resides if all defendants reside in the same state.

17 28 U.S.C. § 1391(b)(1). For venue purposes, a corporate defendant resides in any district in which
 18 it is subject to personal jurisdiction. 28 U.S.C. § 1391(c). Because all individual defendants reside
 19 in California and all corporate defendants are subject to personal jurisdiction in California,
 20 venue would be proper in the Southern District of California.

21 **B. The *Jones* factors favor transfer.**

22 In determining whether the transferee district would promote the convenience of parties
 23 and witnesses, and serve the interests of justice, district courts in the Ninth Circuit consider the
 24 *Jones* factors: (1) the location where the relevant agreements were negotiated and executed, (2)
 25 the plaintiffs' choice of forum, (3) the parties' contacts with the forum, (4) the contacts relating
 26 to the plaintiffs' cause of action in the chosen forum, (5) the state most familiar with the

1 governing law, (6) the differences in the costs of litigation in the two forums, (7) the availability
 2 of compulsory process to compel attendance of unwilling non-party witnesses, and (8) the ease
 3 of access to sources of proof. *Jones*, 211 F.3d at 498–99. Courts may also consider (9) whether
 4 public policy favors transfer. *Id.* at 499.

5 La Michoacana did not address the *Jones* factors in its response but instead addressed
 6 different factors, some of which are similar to *Jones*. *See generally* ECF No. 14.² Nonetheless, I
 7 employ the *Jones* analysis here, and I will address La Michoacana’s response where applicable.

8 ***1. Location where the relevant agreements were negotiated and executed.***

9 Defendants state that no licensing agreement was negotiated or executed in Nevada, but
 10 rather was negotiated or executed in either California or Illinois. ECF No. 10 at 7. Without
 11 citing precedent, La Michoacana argues that “this component of Defendants[’] argument is a red
 12 herring” because the licensing agreements “are not at issue in this litigation.” ECF No. 14 at 12.
 13 But La Michoacana not only discusses licensing agreements in the FAC, but also attaches two
 14 licensing agreements to the FAC. *See* FAC, ECF No. 6 at ¶¶ 40–53. Defendants only proffered
 15 evidence that the licensing agreements between La Michoacana and Windy City were signed in
 16 Illinois. *See* Miranda Decl. Defs.’ Ex. 2, ECF No. 10-2 at ¶ 4. With only evidence that one
 17 licensing agreement was executed in Illinois, and no evidence that any licensing agreement was
 18 signed in Nevada or California, this factor is neutral.

19 ***2. The plaintiff’s choice of forum, the parties’ contacts with the forum,
 20 and contacts relating to the plaintiff’s cause of action in the chosen
 21 forum.***

22 The plaintiff’s choice of forum is the District of Nevada (ECF No. 14 at 10), and its choice
 23 of forum is ordinarily given substantial weight. *Decker Coal Co.*, 805 F.2d at 842. Here, La
 24 Michoacana’s principal place of business is California, not Nevada. *See* Compl., ECF No. 1 at ¶ 13.

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 26 ² La Michoacana cites a 2007 case from the District of California. *See* ECF No. 14 at 7. But since the Ninth Circuit issued the *Jones* order in 2000, courts in the circuit have regularly employed the *Jones* factors in determining whether to transfer venue.

1 Given Section 1404's principle of convenience, this factor is less significant in this case because
 2 La Michoacana's choice of forum is not in the state in which it is located. *See Piper Aircraft Co. v.*
 3 *Reyno*, 454 U.S. 235, 256 (1981); *see also Smith v. Kennedy*, 2022 WL 1205207, at *1 (D. Nev. Apr. 21,
 4 2022) ("plaintiff is entitled to less deference in his choice of forum if he does not reside in that
 5 forum."). Thus, this factor is given less deference.

6 Further, the parties have limited contacts with Nevada, and extensive contacts with
 7 California, particularly with San Diego. In addition to La Michoacana's headquarters being
 8 located in California, it has no Nevada offices or employees. *See* Miranda Decl. Defs.' Ex. 2, ECF
 9 No. 10-2 at ¶ 5. The individual defendants all reside in San Diego County, California. FAC, ECF
 10 No. 6 at ¶¶ 14–16. Windy City is headquartered in California and operates three ice cream stores
 11 in San Diego. *Id.* at ¶ 17; Miranda Decl., Defs.' Ex. 2, ECF No. 10-2 at ¶ 3. KJAM and Ecuamex are
 12 California corporations with their principal place of business located in San Diego County,
 13 California. FAC, ECF No. 6 at ¶¶ 18–19. The only defendant domiciled in Nevada is Sky Limit
 14 but its sole shareholder resides in California. *Id.* at ¶ 20; Miranda Decl. Defs.' Ex. 2, ECF No. 10-2
 15 at ¶¶ 2, 6. Therefore, in considering the parties' ties to California, La Michoacana's forum
 16 selection is given less weight, so this factor favors transfer.

17 ***3. The state most familiar with the governing law.***

18 Four of La Michoacana's claims are under federal law, two are under California law, and
 19 one is under Nevada law. *See generally* FAC, ECF No. 6. Because there is only one claim under
 20 Nevada law, this factor also weighs in favor of transfer.

21 ***4. The differences in the costs of litigation in the two forums and
 22 convenience to the parties.***

23 La Michoacana is a California corporation (FAC, ECF No. 6 at ¶ 13), and is
 24 headquartered in Porterville, California. Miranda Decl. Defs.' Ex. 2, ECF No. 10-2 at ¶ 5.
 25 Defendants argue that the fact that San Diego is only 280 miles away from Porterville, whereas
 26 Las Vegas is 336 miles away from Porterville, further supports transferring this action. ECF No.

1 10 at 9–10. All the individual defendants and shareholders, officers, and directors of corporate
 2 defendants reside in the Southern District of California. *See* Miranda Decl. Defs.’ Ex. 2, ECF No.
 3 10-2 ¶¶ 2–3, 6; Jaramillo Decl., Defs.’ Ex. 1, ECF No. 10-1 at ¶¶ 2–3; Rincon Decl., Defs.’ Ex. 3, ECF
 4 No. 10-3 ¶¶ 2–3. Moreover, five of the eight stores in question are in California, whereas only
 5 three are located in Nevada. If employees or customers from these stores are deposed, the
 6 majority of them would reside in California. It would therefore be less expensive—and more
 7 convenient—for the parties if this case is heard in California. Accordingly, I find this factor
 8 favors transfer.

9 5. *The availability of compulsory process to compel attendance of*
 10 *unwilling non-party witnesses.*

11 Federal courts can compel a witness to testify “within the state where the person resides,
 12 is employed, or regularly transacts business in person, if the person (i) is a party or a party’s
 13 officer; or (ii) is commanded to attend a trial and would not incur substantial expense.” *Dooley v.*
 14 *Nevada Gold Mines, LLC*, 2022 WL 867265, at *3 (D. Nev. Mar. 23, 2022) (quoting Fed. R. Civ. P.
 15 45(c)(1)(B)). The parties have not yet determined whether there are any unwilling non-party
 16 witnesses. ECF No. 10 at 10. Nonetheless, because it appears that the majority of the parties’
 17 directors, employees, or former employees reside in California, this court may not be able to
 18 compel them to testify. Accordingly, this factor also weighs in favor of transfer.

19 6. *The ease of access to sources of proof.*

20 Defendants state that “[b]ecause Plaintiff and all Defendants except Sky Limit reside in
 21 California, and because Sky Limit’s sole shareholder resides in California, all of the key
 22 witnesses are located in California.” ECF No. 10 at 10. They further argue that “almost all of the
 23 documents and tangible things maintained by the parties that are relevant to the FAC are
 24 located either in San Diego County (for Defendants) or in Porterville, California (for Plaintiff).”
 25 *Id.* And, “[t]o the degree a site inspection of any of the Stores is required, since five of the eight
 26 Stores are located in San Diego, it would be more convenient if this case were litigated in the

1 Southern District of California.” *Id.* at 11. La Michoacana argues that most, if not all the evidence
 2 in this case is electronically available so the “documents and depositions of the parties [can be]
 3 expeditiously arranged in Nevada.” ECF No. 14 at 11–12. While not a *Jones* factor, La Michoacana
 4 argues “all other practical problems that make trial of a case easy,” maintaining this action in
 5 Nevada will likely be less costly than in San Diego. *Id.* at 12. Considering the arguments of the
 6 parties, the ease of access to sources of proof leans towards California. Thus, this factor slightly³
 7 weighs in favor of transfer.

8 7. *Whether public policy favors transfer.*

9 The two licensing agreements that La Michoacana attached to the FAC as exhibits are
 10 titled “Unitary License Agreement for California” and are between La Michoacana and
 11 California corporations. *See* Oceanside Store License Agreement, Pl.’s Ex. 18, ECF No. 6-18; *see*
 12 also Escondido Store License Agreement, Pl.’s Ex. 20, ECF No. 6-20. These license agreements
 13 constitute franchises under California law. *See* Cal. Corp. Code § 31005(a) (“Franchise’ means a
 14 contract or agreement, either expressed or implied, whether oral or written”). California
 15 “has a strong public policy in providing a protective local forum for local franchisees.” *Elite Sports*
 16 *Enters. v. Lococo*, 2008 U.S. Dist. LEXIS 67472, at *16 (D.N.J. Sept. 5, 2008) (citing *Jones*, 211 F.3d at
 17 499) (affirming district court’s denial of motion to transfer venue under Section 1404(a) and
 18 noting California’s strong public policy of providing protective local forum for local franchisees).
 19 Thus, public policy strongly favors transfer to the Southern District of California.

20 Accordingly, because this action could have been brought in the Southern District of
 21 California, and because the convenience of the witnesses and the parties favors transfer, the
 22 court finds that in balancing all the *Jones* factors, defendants have met their burden of showing
 23 that transfer to the Southern District of California is appropriate.

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 25
 26 ³ It only weighs slightly because of modern-day ability of digital sharing.

1 IV. Conclusion

2 IT IS THEREFORE ORDERED that defendants' motion to transfer [ECF No. 10] is
3 GRANTED.

4 IT IS FURTHER ORDERED that defendants' motion to dismiss [ECF No. 11] is denied
5 without prejudice to move again before the transferee court.

6 The Clerk of Court is kindly instructed to TRANSFER this case to the United States
7 District Court for the Southern District of California and close the case in this district.

8 Dated: March 31, 2024

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11 Cristina D. Silva
United States District Judge

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